



PRESS RELEASE
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**JACKSONVILLE BUSINESSMAN ARRESTED ON
MULTI-MILLION DOLLAR INSURANCE FRAUD SCHEME**

Jacksonville, Florida - United States Attorney Paul I. Perez, Robert K. Cromwell, Special Agent in Charge of the Federal Bureau of Investigation (FBI) and Tom Gallagher, Florida's Chief Financial Officer, today announced the unsealing of an indictment charging a local Jacksonville businessman with insurance fraud related offenses. The defendant, Thomas D. King, is charged in a twenty-three count indictment with mail fraud, wire fraud, and money laundering charges. King, age 41, is a resident of Jacksonville, Florida, and the former owner and operator of Miralink Group, Inc. (Miralink). King was arrested today and is expected to make his initial appearance in Jacksonville Federal Court this afternoon.

According to the indictment, Miralink, was headquartered in Jacksonville, Florida, and operated as a professional employee organization (PEO) to client companies in the State of Florida and several other states. PEOs, commonly referred to as employee leasing businesses, employ workers who are then leased to other businesses ("client companies"). PEOs are required to secure workers' compensation insurance (WCI) for the employees leased to their client companies and that PEOs collect payments from their

client companies which are used to pay the cost of WCI premiums.

The indictment further alleges that Miralink represented to its client companies that the client companies' employees were covered with WCI through an alleged insurance company identified as Regency Insurance of the West Indies, Ltd (Regency). It is alleged that Regency was a name used for a purported insurance company which provided sham workers' compensation insurance coverage. Regency was located in Capistrano Beach, California, and was not authorized by any state in the United States to provide workers' compensation insurance.

The State of Florida requires employers to secure workers' compensation insurance (WCI) for the benefit and protection of employees. WCI is designed to pay various medical expenses, lost wages, and other benefits for employees injured or killed while on the job. To lawfully provide WCI coverage (write WCI policies) in the State of Florida, insurance companies must obtain a Certificate of Authority (COA) from the State. The indictment alleges that Regency never applied for or was issued a COA to write WCI in the State of Florida.

The indictment alleges that between February 2002, through June 25, 2002, King executed a scheme to defraud Miralink's client companies by using Regency as Miralink's WCI carrier, knowing that Regency did not have the lawful authority to write or provide WCI in the State of Florida, and that it was illegal to do so. It is further alleged that King, acting by and through Miralink, defrauded Miralink's client companies into paying workers' compensation insurance premiums for illegal, fraudulent, and unauthorized workers' compensation insurance and thereby collected \$5.8 million in WCI premiums. According to the indictment, King defrauded Miralink's client companies by falsely and fraudulently representing to the client companies that the employees leased to the client companies' were covered by a legitimate workers' compensation insurance carrier, when, in fact, they

were not.

King, if convicted of all twenty-three counts, faces a maximum penalty of 160 years' imprisonment and a fine of more than \$5.7 million. Additionally, the indictment seeks the forfeiture of a sum of money equal to \$1.2 million, and amongst other items, a Chevrolet Hummer sport utility vehicle, a 3.01 carat diamond and real estate.

The prosecution of this case stems from a joint investigation conducted by the Federal Bureau of Investigation (FBI) and the State of Florida Department of Financial Services, Division of Insurance Fraud. The investigation is continuing.

United States Attorney Paul I. Perez stated that "this very important prosecution demonstrates the efforts of the Federal Bureau of Investigation, the State of Florida's Division of Insurance Fraud and the United States Attorney's Office to protect citizens from insurance fraud and its potential tragic consequences."

Robert K. Cromwell, FBI Special Agent in Charge, stated, "frauds such as those described in the indictment, place companies and their workers at great financial risk. Investigators have identified real people, injured on the job, who found there were no insurance benefits to cover their medical expenses or lost wages."

"Workers' compensation fraud puts workers at serious risk and wreaks havoc with our economy. Injured workers and their families pay the ultimate price, but we all pay through higher premiums and higher cost for goods and services, including costs for emergency rooms where uninsured injured workers end up." CFO Gallagher said. "The department is pleased that we were able to help the U.S. Attorney's Office get this indictment. These allegations, if true, must be dealt with swiftly and severely." As CFO, Mr. Gallagher also oversees the Department of Financial Services, including the Division of Insurance Fraud.

The case was investigated by the Jacksonville Division of the Federal Bureau of

Investigation, the State of Florida Department of Financial Services, Division of Insurance Fraud and the Florida Department of Law Enforcement and will be prosecuted by Assistant United States Attorney Mark B. Devereaux.

An indictment is merely a formal charge that a defendant has committed a violation of the federal criminal laws, and every defendant is presumed innocent until, and unless, proven guilty.